Washington State 2003

Charity Care In Washington Hospitals



July 2005



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Foreword

The 1989 Legislature enacted RCW 70.170.060 which prohibits any Washington hospital from denying access to emergency care based on inability to pay or adopting admission policies which significantly reduce charity care. The same legislation directs each hospital to develop a charity care policy. The Department of Health is responsible for rule making and monitoring related to charity care and is required to report to the Legislature and Governor on an annual basis. This report presents data submitted by Washington hospitals in their fiscal year 2003 Hospital Year-end Reports and 2004 Annual Budget Submittals.

This report:

- Provides a source of data to assess the impact of uncompensated health care on hospital charges and continued access to health care in a community.
- Is a resource document for persons wishing to conduct research or seek information on uncompensated health care.

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Executive Summary

This report contains data regarding total charity care charges provided by all licensed hospitals in Washington. Charity care is reported as a percentage of total patient service revenue and adjusted revenue.

RCW 70.170 defines charity care as "necessary inpatient and outpatient hospital health care rendered to indigent persons...". A person is considered indigent if family income is at or below 200 percent of the federal poverty level. Past hospital accounting practice did not consistently separate bad debt (often stemming from non-payment of bills by low income patients) from charity care. As a result of improvements in charity care accounting required by law, this report uses only charity care rather than a combination of charity care and bad debts as in reports prior to 1995.

Washington hospitals provided \$219 million in total charity care charges for 2003, which is an increase of 37.9 percent above 2002 and a 61.8 percent increase above the 2001 levels. Charity care for 2003 was 1.32 percent of total hospital revenue and 2.67 percent of "adjusted revenue" (with Medicare and Medical Assistance Program payments deleted for comparisons focused on each hospital's base of primarily private payments). From 1989 until 1993, charity care steadily increased in total dollars and as a percent of revenue, while from 1994 through 1997, charity care steadily declined in both categories. Since 1998 total charity care charges have consistently increased through 2003.

Twenty-nine hospitals each provided more than \$2 million of charity care in FY 2003, which accounted for nearly 90 percent of the statewide charity care. Regionally, King County clearly provides the largest dollar amount of charity care, with Harborview Medical Center alone providing approximately 25 percent of the statewide total. Frontier and Remote Rural hospitals (see Appendix 2) report less charity care in proportion to their total adjusted revenue than do urban hospitals. Rural hospitals also have a higher proportion of revenue from Medicare and Medical Assistance (including Medicaid), resulting in a smaller base of private sector payers to which charity care costs could be shifted.

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Charity Care Defined

Charity care is defined in RCW 70.170.020 (see Appendix 4) as necessary hospital health care rendered to indigent persons, to the extent that the persons are unable to pay for the care or pay the deductibles or coinsurance amounts required by a third-party payer. A person in need of care is considered "indigent" if family income is at or below 200 percent of the federal poverty level. Past hospital accounting practice did not consistently separate bad debt from charity care. The basic distinction between bad debt and charity care in the health care setting can be made between uncollectible accounts arising from a patient's <u>unwillingness</u> to pay (bad debt) and those arising from a patient's inability to pay (charity care).

Effective March 1991, the Department of Health adopted accounting rules that provided uniform procedures, data requirements, and criteria for identifying patients receiving charity care. These rules also provided a definition of residual bad debt. These changes have resulted in more accurate and consistent reporting on the components of uncompensated care. This report uses only charity care rather than a combination of charity care and bad debts as in earlier reports (pre-1995).

Charity Care Policy For Washington Hospitals

Since 1991, Washington hospitals have been required to maintain a charity care policy on file with the Center for Health Statistics (Center) in the department. Each policy includes the following information:

- A set of definitions describing terms the hospital uses in its charity care policy;
- The procedures the hospital uses to determine a patient's ability to pay for health care services and to verify financial information submitted by the patient;
- A sliding fee schedule for individuals whose annual family income is between 100 and 200 percent of the federal poverty level, adjusted for family size;
- Procedures used to inform the public about charity care available at that hospital.

In addition to the charity care policy, each hospital annually reports to the Department of Health actual total charges for charity care and bad debt within 120 days of the close of the year as part of the hospital's year-end financial report. Hospitals also provide an estimate of charity care 30 days prior to the start of their fiscal year in their annual budget submittal.

Two health maintenance organization hospitals (Group Health Central and Eastside) are not included in this report since health care charges are prepaid through member subscriptions and therefore uncompensated health care is not incurred. Also excluded are two state-owned psychiatric hospitals, federal Veteran's Administration hospitals and federal military hospitals. This report is based on data collected from 93 licensed Washington hospitals for their fiscal year ending in 2003.

Historically, data reported to the state did not include the number of patients granted charity care. Therefore, it has been unknown whether the number of charity care cases is going up, down, or remaining the same over time. For this reason, the department is currently requesting the number of charity care patients be reported along with charity care charges. For fiscal year 2003, 47 of the possible 93 hospitals reported 68,465 charity care patients totaling \$141 million in charity care. This represents 64 percent of the total 2003 charity care provided.

This report reflects mostly charity care summary information, but additional data can be obtained from the Center's Hospital and Patient Data Systems (HPDS) database. The Center maintains a hospital financial database file — for public use — of all financial information submitted by Washington hospitals, which

expands beyond the issue of charity care. This database includes hospital utilization, revenues, and expenses. The Center also maintains a database containing patient discharge information known as CHARS (Comprehensive Abstract Reporting System).

Measuring Hospitals' Charitable Contributions To Their Communities

Measuring what a hospital gives back to the community or comparing one hospital's contribution with another is not an easy exercise. Hospitals often support their communities through free or low-cost services, which are not easily quantifiable and are not included in their uncompensated health care totals reported to the department.

Comparisons based solely on data included in this report can lead to misleading findings. A high level of charity care may just as easily reflect demographic conditions in a service area (income level, unemployment rate, etc.) as the charitable mission of a hospital. Conversely, a low level may reflect a relative absence of need for charity care in a hospital's service area rather than a lack of commitment to serve the community. This report makes no value judgments about any individual hospital's provision of charity care. The department has not established a standard for the "appropriate" amount of charity care that a hospital should provide.

A hospital is limited in the amount of uncompensated health care it can provide and still remain a financially healthy institution. Ultimately, if enough charges are uncompensated, whether attributed to bad debt expense or to charity care, the facility will face operating losses. Hospitals may attempt to recover uncompensated health care by shifting costs to other payers, subsidizing uncompensated charges with nonoperating revenue (e.g., parking lots, gifts shops, endowments), or increasing prices for hospital services. With the advent of managed care, these options are becoming less viable.

Charity Care Charges in Washington Hospitals

Charity care charges increased from \$159 million in FY 2002 to \$219 million in FY 2003. This represents a 37.9 percent increase in total charity care from 2002 to 2003. Table 1 summarizes the statewide provision of charity care from 1993 through 2003. This table also presents charity care charges as a percentage of total revenue (including Medicare and Medical Assistance) and adjusted revenue (without those government programs). Total revenue is the sum of billed charges for all patient services. Statewide charity care charges increased by 87 percent over the past 10 years, while statewide revenues increased by 193 percent. Since 1992 fluctuations in statewide operating margins, a profitability measure, have not adversely affected the amount of charity care provided in Washington.

Table 1. Overview of Hospital Charity Care in Washington, 1993-2003

	Total	Adjusted	Statewide	Percent of	Percent of	Operating
Year	Revenue	Revenue	Charity Care	Total Rev	Adj Rev	Margin
1993	5,656,853,442	2,604,329,914	117,269,462	2.07%	4.50%	3.30%
1994	6,013,233,056	2,836,757,950	111,947,855	1.86%	3.95%	3.70%
1995	6,393,992,319	3,141,574,942	110,172,746	1.72%	3.51%	4.70%
1996	6,831,863,277	3,351,784,781	105,767,242	1.55%	3.16%	4.10%
1997	7,466,307,575	3,874,390,027	102,008,794	1.37%	2.63%	4.00%
1998	8,283,508,258	4,406,201,947	108,371,473	1.31%	2.46%	2.30%
1999	9,495,164,654	5,131,945,589	112,577,000	1.19%	2.19%	2.00%
2000	11,009,631,695	5,736,296,849	119,081,863	1.08%	2.08%	1.30%
2001	12,559,409,550	6,374,245,419	135,140,421	1.08%	2.12%	2.20%
2002	14,594,866,236	7,361,696,909	158,602,333	1.09%	2.15%	2.50%
2003	16,563,214,722	8,206,850,864	218,716,343	1.32%	2.67%	3.70%

Source: Washington Department of Health Hospital Financial Data Year-end Reports FY 1993-2003.

The hospital accounting concept of "adjusted revenue" subtracts Medicare and Medical Assistance (including Medicaid) charges from total patient care revenue to allow meaningful comparisons of hospital levels of charity care. Medicare and Medicaid have specifically excluded participation in covering charity care from their prospectively determined payment levels. Since the payments that hospitals receive from Medicare and Medical Assistance do not cover charity care, the hospitals adjust their rates to recoup the charity care from their base of private purchasers and payers. This private paying-base differs widely among hospitals as a percentage of business. Therefore, the use of "adjusted revenue" allows for a comparison of hospital charity care as a percentage of privately sponsored patient revenue.

A majority of the state's charity care comes from relatively few hospitals. Twenty-nine urban hospitals each reported \$2 million or more and together provided \$196 million in charity care (approximately 90 percent of the charity care provided statewide) in FY 2003 (see Table 2). The amount of charity care individual hospitals provided ranged from \$0 to \$55 million, which reflect differences in their size, types of services provided, provisions for charity care in their mission statements, and the characteristics of surrounding communities.

Table 2. Washington Hospitals that Reported More than \$2 Million in Charity Care, FY 2003

			2002	2003	Percent
Hospital	City	County	Charity Care	Charity Care	Change
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Harborview Medical Center	Seattle	King	\$47,482,000	\$55,302,000	16.74%
Providence General Medical Center	Everett	Snohomish	6,233,764	10,318,505	65.53%
Swedish Medical Center	Seattle	King	6,855,986	8,986,775	31.08%
University of Washington Medical Center	Seattle	King	5,581,963	8,888,000	59.23%
Good Samaritan Hospital	Puyallup	Pierce	3,246,470	8,541,618	163.10%
Providence Saint Peter Hospital	Olympia	Thurston	2,555,585	8,070,857	215.81%
Children's Hospital & Regional Med Ctr	Seattle	King	6,026,783	7,840,789	30.10%
Sacred Heart Medical Center	Spokane	Spokane	3,199,255	7,739,002	141.90%
Southwest Washington Medical Center	Vancouver	Clark	5,185,042	6,466,051	24.71%
Tacoma Allenmore General Hospital	Tacoma	Pierce	5,444,169	5,847,298	7.40%
Saint Joseph Medical Center	Tacoma	Pierce	4,314,115	5,208,123	20.72%
Evergreen Hospital Medical Center	Kirkland	King	2,631,736	4,991,164	89.65%
PeaceHealth Saint John Medical Center	Longview	Cowlitz	2,218,850	4,812,350	116.88%
Saint Joseph Hospital	Bellingham	Whatcom	3,374,706	4,354,001	29.02%
Highline Community Hospital	Burien	King	3,284,020	4,278,289	30.28%
Northwest Hospital	Seattle	King	2,831,456	4,115,177	45.34%
Valley Medical Center	Renton	King	2,274,447	3,927,200	72.67%
Overlake Hospital Medical Center	Bellevue	King	2,898,552	3,885,677	34.06%
Affiliated Health Services	Mt Vernon	Skagit	1,212,494	3,879,653	219.97%
Virginia Mason Medical Center	Seattle	King	2,572,503	3,527,776	37.13%
Swedish Providence Medical Center	Seattle	King	3,006,294	3,523,849	17.22%
Saint Clare Hospital	Lakewood	Pierce	2,153,123	3,280,714	52.37%
Saint Francis Community Hospital	Federal Way	King	1,902,484	2,872,818	51.00%
Holy Family Hospital	Spokane	Spokane	2,264,252	2,744,134	21.19%
Kadlec Medical Center	Richland	Benton	2,451,154	2,735,376	11.60%
Deaconess Medical Center	Spokane	Spokane	2,879,111	2,734,148	-5.03%
Harrison Memorial Hospital	Bremerton	Kitsap	2,166,194	2,675,155	23.50%
Providence Centralia Hospital	Centralia	Lewis	1,066,285	2,391,977	124.33%
Yakima Valley Memorial Hospital	Yakima	Yakima	1,292,138	2,066,824	59.95%
Total			\$138,604,931	\$196,005,300	41.41%

Source: Washington Department of Health Financial Data Year-end Reports, FY2002-2003.

Appendix 1 lists each hospital's charity care as dollar amounts and as percentages of its total patient service revenue and adjusted revenue. Statewide charity care in FY 2003 averaged 2.67 percent of adjusted revenue, which is significantly higher than FY 2002 of 2.15 percent.

The three hospitals providing the most charity care as a percentage of total patient service revenue were:

- Harborview Medical Center Seattle, at 7.77 percent (7.32 percent in 2002)
- Good Samaritan Hospital Puyallup, at 2.79 percent (1.27 percent in 2002)
- Children's Hospital Regional Medical Center Seattle, at 1.98 percent (1.78 percent in 2002).

The three hospitals providing the most charity care as a percentage of adjusted revenue were:

- Harborview Medical Center Seattle, at 18.49 percent (23.62 percent in 2002)
- Puget Sound Behavioral Health Tacoma, at 6.66 percent (0.77 percent in 2002)
- Good Samaritan Hospital Puyallup, at 5.47 percent (2.32 percent in 2002).

Tables 3 and 4 group hospitals into five regions. The 2003 proportions of charity care show wide variations among different areas of the state. Four of the five regions are groups of 13 to 21 hospitals in contiguous counties. The fifth region, King County, is the state's largest population center and has a concentration of 20 hospitals.

Table 3. Charity Care Charges by Region, 2000-2003

	Charity Care per 1000 Population							
Hospital Region	2000	2001	2002	2003				
			·					
King County	36,293	40,785	50,723	64,437				
King County w/o Harborview	20,726	20,305	23,962	33,356				
Puget Sound	12,088	14,655	16,416	24,311				
Southwest Washington	13,099	12,524	13,845	25,564				
Central Washington	12,230	16,882	15,716	19,194				
Eastern Washington	17,556	17,915	18,570	26,516				
Statewide	19,970	22,618	26,251	35,865				

Source: Washington Department of Health Hospital Financial Data Year-end Reports FY 2000-03, Office of Financial Management – Population Estimates FY 2000-2003.

Among these regions, King County clearly provides the largest dollar amount of charity care. However, this picture changes dramatically when Harborview Medical Center's \$55 million in charity care (25.28 percent of the statewide total) is excluded. Then charity care in King County drops from 3.04 percent of adjusted revenue to 1.71 percent. It is also important to note that Harborview derives 57.9 percent of its revenue from Medicare and Medical Assistance — more than the aggregate percent of other King County hospitals (44.6 percent) or the statewide percent (50.1 percent) without Harborview. This comparison shows a very limited base for the cost shifting of charity care at Harborview, as well as other hospitals in the state.



Table 4. Overview of Hospital Charity Care by Region FY 2003 (Million dollars)

			Medicare/		Charity Care
			Medical		As Percent
	Charity	Total	Assistance	Adjusted	of Region's
	Care	Revenue (\$M)	Revenue	Revenue	Adj Rev
King County	\$114.7	\$6,980.3	\$3,206.7	\$3,773.6	3.04%
9 ,					3.0470
As a % of State Total	52.5%	42.1%	38.4%	46.0%	
Puget Sound (Less King County)	\$50.3	\$4,437.8	\$2,236.5	\$2,201.3	2.29%
As a % of State Total	23.0%	26.8%	26.7%	26.8%	
Southwest Washington	\$23.7	\$1,807.1	\$957.6	\$849.5	2.78%
As a % of State Total	10.8%	10.9%	11.5%	10.4%	
Central Washington As a % of State Total	\$13.1 6.0%	\$1,465.6 8.9%	\$847.8 10.1%	\$617.8	2.13%
AS a % OF State Total	0.0%	8.9%	10.1%	7.5%	
Eastern Washington	\$16.9	\$1,872.4	\$1,107.8	\$764.6	2.22%
As a % of State Total	7.7%	11.3%	13.3%	9.3%	
State Total	\$218.7	\$16,563.2	\$8,356.4	\$8,206.8	2.67%

Source: Washington Department of Health Hospital Financial Data Year-end Reports, FY 2003.

Using definitions from the Department of Health, Office of Rural Health (Appendix 2), there were 45 hospitals that could be classified as rural in 2003. Of these, eight were in sparsely populated "Frontier" areas; 19 in "Remote Rural" areas; and 18 in "Less Remote Rural" areas. Most rural hospitals are small; two-thirds have less than 50 available beds. Included in the Less Remote Rural category are five larger Medicare-designated rural referral hospitals that range in size from 145 to 206 set-up beds.

Rural hospitals reported total charity care of \$11.5 million in 2001, \$11.6 million in 2002, and \$21.4 million in 2003. Overall, rural hospitals have tended to provide less charity care than their urban counterparts and have also tended to be more dependent on Medicare and Medical Assistance discounted payments, as shown in Table 5. For rural hospitals, charity care averaged 2.63 percent of adjusted revenue, while charity care for urban hospitals averaged slightly above at 2.67 percent of adjusted revenue.

Table 5. Rural/Urban Charity Care, FY 2003

	Charity Care % of Adjusted Revenue	Charity Care Per 1000 Population	Medicare & Medical Assistance as a % Total Revenue
Rural Hospitals (45)	2.63%	12,724	59.84%
Frontier (8)	1.70%	9,637	61.02%
Remote Rural (19)	1.82%	5,403	58.69%
Less Remote Rural (18)	2.88%	20,733	60.01%
Urban (48)	2.67%	40,100	49.14%
All Hospitals (93)	2.67%	35,865	50.45%

For 2003, rural hospitals derived 59.8 percent (56.0 percent in 2002) of their total revenue from Medicare and Medical Assistance discounted payments. This indicated a more limited base for shifting charity care charges to other payers in rural hospitals than in urban hospitals, which have 49.1 percent Medicare/Medical Assistance payments (48.7 percent in 2002).

In 2003, charity care was less than one percent of total revenue for 36 of the 45 rural hospitals; of these 38, it was 0.5 percent or less for 14 hospitals. In terms of adjusted revenue, charity care was less than 2 percent for 29 of the 45 hospitals; of these 34, it was 1 percent or less for 11 hospitals (Appendix 2).

Among the four categories of urban and rural hospitals, Less Remote Rural hospitals provided the most charity care as a percentage of adjusted revenue during 2003.

Charity Care Projections for FY 2004

In accordance with state statute, hospitals submit a projected annual budget prior to the start of their fiscal year to the department. Included in their budgets are projections for their anticipated total charges for charity care for the next fiscal year 2004 (see Appendix 3). Overall, hospitals projected that charity care will increase 45.21 percent, or \$78.2 million above the projected FY 2003 or 14.88 percent above the actual FY 2003 (see Table 6 below). Historically, hospital projections for charity care have been higher than actual experience. However, since FY 2001, actual charity care has exceeded the projected level.

Table 6. Summary Data of Actual and Projected Charges for Charity Care, Washington Hospitals, FY 2001 - 2004

All Hospitals	2001	2002	2003	2004
Projected Charity % Change from Previous Year	\$133,842,942 10.89%	\$150,521,847 12.46%	\$173,027,318 14.95%	\$251,252,986 45.21%
Actual Charity % Change from Previous Year	\$135,140,421 13.49%	\$158,602,333 17.36%	\$218,716,343 37.90%	

Source: Washington Department of Health Hospital Financial Data Year-end Reports, FY 2001-2003 and FY 2001-2004 Annual Budgets.

How Hospitals Project Charity Care

Most hospitals' FY 2004 projections were based on an analysis performed during their budget process. These analyses usually took into account the following factors:

- A hospital's historical fiscal years and its most recent year-to-date total number of patients and patient charges;
- Planned price changes;
- Projected volume changes;
- Known usage factors (including the area's economy and demographics);
- Hospital budget constraints; and
- A hospital's mission or statement to support the community.

How Hospitals Verify Need for Charity Care

Many hospitals state as part of their missions that they will serve the poor and underserved. Hospitals usually restrict their uncompensated health care programs to individuals unable to access entitlement programs such as Medical Assistance, unable to pay for medical obligations, or to those with limited financial resources.

These individuals generally include the recently unemployed; those employed but without employer-provided health insurance; those whose health insurance requires significant deductibles or co-payments; single parents; those recently or currently experiencing a divorce; transients or those without a permanent address; students, as well as their spouses and dependents; retired persons not yet eligible for Medicare; and the elderly who have limited or no Medicare supplemental insurance coverage.

As required by RCW 70.170.060(5), every hospital has a charity care policy on file with the Department of Health that states the hospital's procedure to determine and verify the income information supplied by persons applying for uncompensated health care services. The hospital's charity care policy must be consistently and equitably applied so that no patient is denied uncompensated health care based upon race, creed, color, sex, national origin, sexual orientation, disability, age, or source of income. The steps that hospitals generally use to determine eligibility or verify applicant information are summarized below.

Summary of Steps Generally Used by Washington Hospitals to Determine and Verify Applications for Charity Care

- 1. Hospital identifies any uninsured, underinsured, or self-pay patients.
- 2. Patient completes application/determination of eligibility form.
- 3. Patient completes financial statement that includes income, assets, and liabilities. Patient supplies documentation of resources (e.g., W-2, pay stubs, tax forms), and outstanding obligations (e.g., bank statements, loan documents).
- 4. Hospital considers federal poverty guidelines and family size.
- 5. Hospital verifies third-party coverage, if indicated.
- 6. Designated hospital staff person interviews patient to assess the patient's ability to pay in full, ability to pay reasonable monthly installments, and qualification for charity care.
- 7. Hospital attempts to secure federal, state, or local funding, if appropriate.
- 8. After the hospital makes an initial determination of insufficient funds, income, and health care benefits, the claim becomes eligible for final review, often by a committee composed of administrative, business office, social services, and nursing staff. Occasionally, hospital board members serve on these committees.

How Hospitals Notify the Public About Charity Care

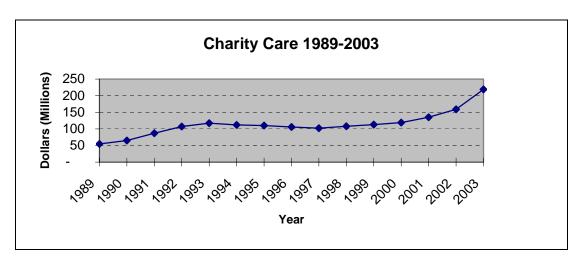
In general, hospitals provide information to their customers on charity care, as well as applications for assistance, at the time of registration, in their emergency rooms, and in fiscal services offices. These applications may also be included in a patient's admission packet or with itemized bills that are mailed to a patient after discharge from the hospital. Additionally, hospitals provide applications for assistance upon a patient's request. Many hospitals publish brochures or pamphlets describing the availability of charity care and identifying the criteria for qualification. Some hospitals offer individual counseling at the time of preadmission or during the collection process and determine an individual's lack of financial resources. Signs

may be posted — in English and in other languages commonly used in the hospital's service area — explaining available charity care services. These signs are usually located in the admitting and emergency entrance areas of the hospital. Hospitals also publish annual notices in local or area newspapers describing charity care programs.

The Future of Charity Care

Hospitals have historically included service to the poor and underserved as part of their mission. Charity care expenditures grew steadily from 1989, when hospital rate setting was eliminated, until 1993. From 1993 until 1997, that growth stabilized then declined. Charity care increased in 1998 for the first time in five years and continues to increase through 2003. Charity care for 2003 experienced the largest increase (37.9 percent) ever recorded. Today, state budget shortfalls, changes to Medicare and Medicaid entitlements and reduced hospital reimbursements are leading issues that may affect the future of charity care. Legislation in 2003 reducing the state deficit included limiting the state Medicaid program and reducing the number of Basic Health Plan enrollees has impacted charity care in Washington.

Coupling these factors with unemployment and an unstable economy, hospitals will be severely challenged to meet the increased need for charity care, which could impact access to the most vulnerable. Preliminary figures indicate that charity care is on a record pace during 2004.



The Department of Health has had to rely on complaints from the public regarding charity care denials to ensure compliance with the charity care laws. Beginning in 2000, the Facilities and Services Licensing Division of the department began including specific steps during the annual on-site licensing survey to support the charity care mandates. These include the following:

- 1. Monitor each hospital for compliance with RCW 70.170.060(3) regarding the required admissions policies, practices, and transfer activities;
- 2. Verify that a hospital's charity care policy required by both RCW 170.170.060(5) and WAC 246-453-070 is current and has been reported to the HPDS office;
- 3. Assure each hospital prominently displays a notice concerning the waiver/reduction of fees for persons meeting the WAC 246-453-020(2) criteria during the survey process;

- 4. Check to see that each hospital provides a written explanation of any waiver or reduction of fees provided when a person meets the criteria established in WAC 246-453-020(2);
- 5. Verify that each hospital requiring an application process for determining eligibility for charity care complies with WAC 246-453-020(5); and
- 6. Substantiate that each hospital complies with WAC 246-453-060 regarding the provision of true emergency care.

The review of charity care is often highlighted in the broader discussion of hospitals and the value they provide to communities. For instance, there has been recent discussion at both the national and state levels regarding the tax-exempt status of not-for-profit hospitals. Some question whether not-for-profit hospitals provide sufficient community benefit to offset the loss of potential tax revenue, particularly as their business operations tend to mirror for-profit hospitals. Also under discussion is the use of a broader definition for community benefits activities. For example, Washington State Hospital Association's Community Benefits Inventory Project, working with a group of representatives from hospitals and other organizations in Seattle and Spokane, has defined "community benefits" as charity care and community services. The participants working on this project have identified three objectives:

- 1. Provide reliable information to inspire and support collaborative community benefits activities among hospitals and delivery systems;
- 2. Provide credible information to support the tax-exempt status of non-profit hospitals and systems; and
- 3. Support public education activities aimed at reinforcing the image of hospitals and systems as community oriented organizations.

The Community Benefits Project December 2004 Annual Report states that the 31 participating non-profit urban hospitals provided \$76 million in community services during 2003. Community services represent programs and activities that go beyond patient care and are primarily subsidized by the hospital. This amount is below the \$95 million provided as charity care for the same 31 participating hospitals. This report can be read in its entirety at the Washington State Hospital Association Web site, www.WSHA.org.

This information is beneficial in the review of charity care. It provides a much broader and possibly more accurate picture of benefits provided by hospitals in Washington.

Until such time as all residents of Washington have health care coverage, the need for charity care will continue. Although the amount may vary from year-to-year, the department will continue to collect and report the level of charity care provided by Washington hospitals.

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Appendices



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Appendix 1

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Washington Hospitals with Fiscal Years Ending During Calendar Year 2003

	isted Revenue for Washingto			nue Categories (Dol	Ü		Charity	Care
				(Less) Medical Assistance			Percent	Percent
			(Less)	Number	Adjusted	Charity	of Total	of Adj
Lic #	Region/Hospital	Total Revenue	Medicare Revenue	Revenue	Revenue	Care	Revenue	Revenue
	KING COUNTY (N=20)							
183	Auburn Regional Medical Center	160,552,000	46,307,723	13,536,721	100,707,556	1,487,716	0.93%	1.48%
904	BHC Fairfax Hospital	40,106,810	2,020,258	22,008,000	16,078,552	629,878	1.57%	3.92%
14	Children's Hospital & Medical Center	395,977,880	8,299,066	153,623,772	234,055,042	7,840,789	1.98%	3.35%
35	Enumclaw Community Hospital	25,947,718	8,713,599	2,359,610	14,874,509	75,658	0.29%	0.51%
164	Evergreen Hospital Medical Center	332,590,057	98,375,457	19,175,793	215,038,807	4,991,164	1.50%	2.32%
29	Harborview Medical Center	711,295,000	167,379,463	244,794,915	299,120,622	55,302,000	7.77%	18.49%
126	Highline Community Hospital	246,969,977	105,399,424	38,540,588	103,029,965	4,278,289	1.73%	4.15%
148	Kindred Hospital Seattle	38,010,448	19,853,892	4,370,997	13,785,559	0	0.00%	0.00%
130	Northwest Hospital	294,607,473	124,243,310	14,761,225	155,602,938	4,115,177	1.40%	2.64%
131	Overlake Hospital Medical Center	403,779,299	143,276,192	18,481,678	242,021,429	3,885,677	0.96%	1.61%
202	Regional Hospital for Resp/Complex Care	20,462,367	13,204,262	1,714,898	5,543,207	10,130	0.05%	0.18%
201	Saint Francis Community Hospital	219,767,723	43,455,800	29,374,834	146,937,089	2,872,818	1.31%	1.96%
204	Seattle Cancer Care Alliance	158,579,000	29,793,000	16,211,000	112,575,000	283,000	0.18%	0.25%
195	Snoqualmie Valley Hospital	1,678,039	1,411,794	13,930	252,315	0	0.00%	0.00%
1	Swedish Hospital Medical Center	1,448,426,306	496,691,141	136,303,330	815,431,835	8,986,775	0.62%	1.10%
3	Swedish Providence Medical Center	355,689,666	171,383,021	41,228,788	143,077,857	3,523,849	0.99%	2.46%
128	University of Washington Medical Center	709,233,547	190,655,163	189,726,587	328,851,797	8,888,000	1.25%	2.70%
155	Valley Medical Center - Renton	384,314,992	99,947,197	51,796,885	232,570,910	3,927,200	1.02%	1.69%
10	Virginia Mason Medical Center	1,024,898,817	399,140,232	32,366,910	593,391,675	3,527,776	0.34%	0.59%
919	West Seattle Psychiatric Hospital	7,400,053	3,294,573	3,475,516	629,964	27,206	0.37%	4.32%
	King County Totals	6,980,287,172	2,172,844,567	1,033,865,977	3,773,576,628	114,653,102	1.64%	3.04%
	PUGET SOUND REGION (Less King Co.)							
73	Affiliated Health Services	198,347,814	73,519,927	29,557,669	95,270,218	3,879,653	1.96%	4.07%
106	Cascade Valley Hospital	56,288,880	19,280,007	8,599,206	28,409,667	525,251	0.93%	1.85%
54	Forks Community Hospital	16,373,853	3,662,621	4,393,006	8,318,226	130,354	0.80%	1.57%
81	Good Samaritan Hospital	305,977,838	108,890,851	40,879,019	156,207,968	8,541,618	2.79%	5.47%
142	Harrison Memorial Hospital	217,337,793	103,440,397	27,399,720	86,497,676	2,675,155	1.23%	3.09%
134	Island Hospital	69,469,629	34,306,639	4,076,856	31,086,134	382,075	0.55%	1.23%
85	Jefferson General Hospital	42,329,884	20,187,001	5,086,249	17,056,634	541,812	1.28%	3.18%
175	Mary Bridge Children's Health Center	174,572,697	0	52,747,483	121,825,214	834,731	0.48%	0.69%
38	Olympic Memorial Hospital	99,610,475	55,540,917	10,461,324	33,608,234	686,100	0.69%	2.04%
84	Providence General Medical Center	825,067,745	328,720,921	111,998,859	384,347,965	10,318,505	1.25%	2.68%
920	Puget Sound Behavioral Health	17,971,168	5,769,020	8,840,321	3,361,827	223,919	1.25%	6.66%
132	Saint Clare Hospital	190,321,056	56,918,199	35,182,852	98,220,005	3,280,714	1.72%	3.34%
145	Saint Joseph Hospital - Bellingham	270,298,360	101,493,154	61,108,564	107,696,642	4,354,001	1.61%	4.04%
32	Saint Joseph Medical Center - Tacoma	768,619,157	242,123,101	91,146,171	435,349,885	5,208,123	0.68%	1.20%
138	Stevens Healthcare	234,205,151	84,847,407	26,620,915	122,736,829	1,924,572	0.82%	1.57%
176	Tacoma General Allenmore Hospital	832,959,142	287,434,918	136,267,735	409,256,489	5,847,298	0.70%	1.43%
104	Valley General Hospital - Monroe	47,628,632	10,518,002	4,245,868	32,864,762	478,018	1.00%	1.45%
156	Whidbey General Hospital	70,484,791	34,788,231	6,483,470	29,213,090	495,745	0.70%	1.70%
	Puget Sound Region Totals	4,437,864,065	1,571,441,313	665,095,287	2,201,327,465	50,327,644	1.13%	2.29%

			Reven	ue Categories (Dollars) (Less) Medical			Charity C	Care
"		T	(Less)	Assistance Number	Adjusted	Charity	Percent of Total	Percent of Adj
Lic #	Region/Hospital SOUTHWEST WASHINGTON REGION (N=	Total Revenue	Medicare Revenue	Revenue	Revenue	Care	Revenue	Revenue
197	Capital Medical Center	145,087,026	47,460,525	10,736,912	86,889,589	504,843	0.35%	0.58%
63	Grays Harbor Community Hospital	127,397,595	51,689,894	33,148,492	42,559,209	842,177	0.66%	1.98%
8	Klickitat Valley Hospital	12,307,589	3,467,703	2,838,000	6,001,886	4,137	0.03%	
186	Mark Reed Hospital	6,253,948	1,999,959	1,432,094	2,821,895	93,687	1.50%	3.32%
152	Mason General Hospital	57,280,603	24,671,239	10,149,854	22,459,510	167,014	0.29%	0.74%
173	Morton General Hospital	10,371,253	3,511,126	2,059,727	4,800,400	124,382	1.20%	2.59%
79	Ocean Beach Hospital	12,711,266	6,788,063	1,541,057	4,382,146	98,283	0.77%	2.24%
26	PeaceHealth Saint John Medical Center	245,486,159	101,634,192	49,628,874	94,223,093	4,812,350	1.96%	
191	Providence Centralia Hospital	137,713,420	63,947,174	26,952,986	46,813,260	2,391,977	1.74%	5.11%
159	Providence Saint Peter Hospital	521,210,325	219,249,004	62,831,739	239,129,582	8,070,857	1.55%	3.38%
96	Skyline Hospital	12,993,946	4,917,301	1,809,313	6,267,332	37,035	0.29%	0.59%
170	Southwest Medical Center	509,071,106	166,812,725	52,207,994	290,050,387	6,466,051	1.27%	2.23%
56	Willapa Harbor Hospital	9,171,281	4,809,240	1,276,871	3,085,170	41,752	0.46%	1.35%
	Southwest Wash Region Totals	1,807,055,517	700,958,145	256,613,913	849,483,459	23,654,545	1.31%	2.78%
	CENTRAL WASHINGTON REGION (N=21)							
158	Cascade Medical Center	5,318,747	1,985,865	384,217	2,948,665	22,287	0.42%	0.76%
168	Central Washington Hospital	185,403,263	87,391,458	28,938,251	69,073,554	1,894,254	1.02%	2.74%
45	Columbia Basin Hospital	9,602,346	3,107,882	3,586,256	2,908,208	6,973	0.07%	0.24%
150	Coulee Community Hospital	13,026,301	3,828,320	3,577,094	5,620,887	100,619	0.77%	1.79%
161	Kadlec Medical Center	243,525,001	92,415,575	33,062,135	118,047,291	2,735,376	1.12%	2.32%
39	Kennewick General Hospital	125,100,591	35,162,904	15,279,638	74,658,049	1,508,248	1.21%	2.02%
140	Kittitas Valley Hospital	37,163,753	13,842,196	4,656,405	18,665,152	235,588	0.63%	1.26%
165	Lake Chelan Community Hospital	14,488,747	4,831,508	2,456,507	7,200,732	64,713	0.45%	0.90%
915	Lourdes Counseling Center	22,320,645	3,790,532	11,323,452	7,206,661	361,109	1.62%	5.01%
22	Lourdes Medical Center	86,741,918	33,715,714	20,271,279	32,754,925	968,164	1.12%	2.96%
147	Mid Valley Hospital	27,335,464	9,624,353	6,999,250	10,711,861	166,308	0.61%	1.55%
107	North Valley Hospital	13,394,373	3,730,060	4,576,176	5,088,137	82,212	0.61%	1.62%
23	Okanogan-Douglas Hospital	13,086,908	5,068,355	3,012,025	5,006,528	94,487	0.72%	1.89%
46	Prosser Memorial Hospital	22,395,939	5,718,744	7,951,472	8,725,723	170,507	0.76%	1.95%
129	Quincy Valley Hospital	8,055,441	2,246,007	2,547,517	3,261,917	31,829	0.40%	0.98%
78	Samaritan Hospital	75,268,159	25,664,707	19,489,982	30,113,470	526,512	0.70%	1.75%
198	Sunnyside Community Hospital	37,560,652	10,882,966	13,964,262	12,713,424	371,813	0.99%	2.92%
199	Toppenish Community Hospital	43,864,810	8,234,635	19,165,052	16,465,123	326,212	0.74%	1.98%
205	Wenatchee Valley Hospital	26,859,847	10,108,828	2,624,185	14,126,834	150,106	0.56%	1.06%
102	Yakima Regional Medical Center	238,094,473	116,661,466	36,584,364	84,848,643	1,255,922	0.53%	1.48%
58	Yakima Valley Memorial Hospital	217,033,980	80,203,187	49,103,683	87,727,110	2,066,824	0.95%	2.36%
	Central Wash Region Totals	1,465,641,358	558,215,262	289,553,202	617,872,894	13,140,063	0.090%	2.13%

EASTERN WASHINGTON REGION (N=21)

			Reve	enue Categories (Do	ollars)		Charity	Care
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	(Less) Medical Assistance Number Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
141	Dayton General Hospital	3,876,705	1,950,389	642,795	1,283,521	1,533	0.04%	0.12%
37	Deaconess Medical Center	337,104,784	136,556,332	63,825,332	136,723,120	2,734,148	0.81%	2.00%
178	Deer Park Health Center & Hospital	7,806,060	2,941,393	2,171,212	2,693,455	82,992	1.06%	3.08%
111	East Adams Rural Hospital	4,495,119	2,364,663	352,124	1,778,332	361	0.01%	0.02%
167	Ferry County Memorial Hospital	6,477,281	2,206,672	1,474,636	2,795,973	65,488	1.01%	2.34%
82	Garfield County Memorial Hospital	3,643,858	1,113,474	1,408,868	1,121,516	1,301	0.04%	0.12%
139	Holy Family Hospital	229,617,592	95,093,776	39,641,822	94,881,994	2,744,134	1.20%	2.89%
137	Lincoln Hospital	18,280,673	6,711,252	3,840,364	7,729,057	144,831	0.79%	1.87%
193	Mount Carmel Hospital	31,014,998	12,891,887	5,375,166	12,747,945	112,266	0.36%	0.88%
21	Newport Community Hospital	16,821,022	5,283,580	5,121,534	6,415,908	164,479	0.98%	2.56%
80	Odesssa Memorial Hospital	3,786,595	1,011,399	1,480,051	1,295,145	38,631	1.02%	2.98%
125	Othello Community Hospital	19,622,273	3,956,006	6,986,020	8,680,247	154,734	0.79%	1.78%
172	Pullman Memorial Hospital	34,647,912	9,408,992	3,359,938	21,878,982	330,602	0.95%	1.51%
162	Sacred Heart Medical Center	765,027,855	335,536,371	118,513,832	310,977,652	7,739,002	1.01%	2.49%
194	Saint Joseph's Hospital of Chewelah	19,185,971	7,570,370	4,392,486	7,223,115	184,946	0.96%	2.56%
157	Saint Luke's Rehabilitation Institute	35,399,482	20,793,957	3,535,893	11,069,632	25,454	0.07%	0.23%
50	Saint Mary Medical Center	133,478,661	64,793,652	14,376,895	54,308,114	671,048	0.50%	1.24%
108	Tri-State Memorial Hospital	48,858,882	28,897,904	3,442,925	16,518,053	434,399	0.89%	2.63%
180	Valley Hospital and Medical Center	80,690,814	34,300,584	10,784,534	35,605,696	814,615	1.01%	2.29%
43	Walla Walla General Hospital	55,424,381	27,437,529	6,392,261	21,594,591	477,295	0.86%	2.21%
153	Whitman Community Hospital	17,105,692	7,974,259	1,863,063	7,268,370	18,730	0.11%	0.26%
	Eastern Wash Region Totals	1,872,366,610	808,794,441	298,981,751	764,590,418	16,940,989	0.90%	2.22%
	STATEWIDE TOTALS (N=93)	16,563,214,722	5,812,253,728	2,544,110,130	8,206,850,864	218,716,343	1.32%	2.67%

[#] Includes Medicaid and other state-sponsored programs

Source: Washington Department of Health

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Appendix 2

Rural Definitions

"Rural" means geographic areas outside the boundaries of Metropolitan Statistical Areas (MSA). Three general types of rural areas reflect the relative isolation from principal health care delivery sites experienced by the resident population and include:

- 1. "**frontier areas**," which are counties in rural areas that have a population density of 6 people per square mile or less;
- 2. "**remote rural areas**," which are rural areas that are more than 30 minutes average travel time from an urban place of 10,000 population or more and are not within a frontier area; and
- 3. "less remote rural," which are rural areas that are 30 minutes or less average travel time from an urban place of 10,000 population or more and are not within a frontier area.

Source: Department of Health Office of Rural Health.

Total Revenue, Adjusted Revenue, and Amount of Charity Care as a Percent of Total Revenue and Adjusted Revenue for Rural Washington Hospitals with Fiscal Years Ending During Calendar Year 2003

Kur	ai washington Hospitais with Fisc	ar rears Lituring			(Dellars)		Charity Cara	
_			Rever	nue Categories (Less)	(Dollars)	'	Charity Care	
				Medical				
				Assistance			Percent	Percent
		Total	(Less) Medicare	Number	Adjusted	Charity	of Total	of Adj
Lic :	# Region/Hospital	Revenue	Revenue	Revenue	Revenue	Care	Revenue	Revenue
	FRONTIER (N=8)							
141	Dayton General Hospital	3,876,705	1,950,389	642,795	1,283,521	1,533	0.04%	0.12%
167	Ferry County Memorial Hospital	6,477,281	2,206,672	1,474,636	2,795,973	65,488	1.01%	2.34%
82	Garfield County Memorial Hospital	3,643,858	1,113,474	1,408,868	1,121,516	1,301	0.04%	0.12%
137	Lincoln Hospital	18,280,673	6,711,252	3,840,364	7,729,057	144,831	0.79%	1.87%
147	Mid Valley Hospital	27,335,464	9,624,353	6,999,250	10,711,861	166,308	0.61%	1.55%
107	North Valley Hospital	13,394,373	3,730,060	4,576,176	5,088,137	82,212	0.61%	1.62%
80	Odesssa Memorial Hospital	3,786,595	1,011,399	1,480,051	1,295,145	38,631	1.02%	2.98%
23	Okanogan-Douglas Hospital	13,086,908	5,068,355	3,012,025	5,006,528	94,487	0.72%	1.89%
	Total Frontier Rural	89,881,857	31,415,954	23,434,165	35,031,738	594,791	0.66%	1.70%
	REMOTE RURAL (N=19)							
158	Cascade Medical Center	5,318,747	1,985,865	384,217	2,948,665	22,287	0.42%	0.76%
150	Coulee Community Hospital	13,026,301	3,828,320	3,577,094	5,620,887	100,619	0.77%	1.79%
111	East Adams Rural Hospital	4,495,119	2,364,663	352,124	1,778,332	361	0.01%	0.02%
54	Forks Community Hospital	16,373,853	3,662,621	4,393,006	8,318,226	130,354	0.80%	1.57%
85	Jefferson General Hospital	42,329,884	20,187,001	5,086,249	17,056,634	541,812	1.28%	3.18%
8	Klickitat Valley Hospital	12,307,589	3,467,703	2,838,000	6,001,886	4,137	0.03%	0.07%
165	Lake Chelan Community Hospital	14,488,747	4,831,508	2,456,507	7,200,732	64,713	0.45%	0.90%
173	Morton General Hospital	10,371,253	3,511,126	2,059,727	4,800,400	124,382	1.20%	2.59%
193	Mount Carmel Hospital	31,014,998	12,891,887	5,375,166	12,747,945	112,266	0.36%	0.88%
21	Newport Community Hospital	16,821,022	5,283,580	5,121,534	6,415,908	164,479	0.98%	2.56%
79	Ocean Beach Hospital	12,711,266	6,788,063	1,541,057	4,382,146	98,283	0.77%	2.24%
125	Othello Community Hospital	19,622,273	3,956,006	6,986,020	8,680,247	154,734	0.79%	1.78%
46	Prosser Memorial Hospital	22,395,939	5,718,744	7,951,472	8,725,723	170,507	0.76%	1.95%
129	Quincy Valley Hospital	8,055,441	2,245,007	2,547,517	3,262,917	31,829	0.40%	0.98%
194	Saint Joseph's Hospital of Chewelah	19,185,971	7,570,370	4,392,486	7,223,115	184,946	0.96%	2.56%
96	Skyline Hospital	12,993,946	4,917,301	1,809,313	6,267,332	37,035	0.29%	0.59%
198	Sunnyside Community Hospital	37,560,652	10,882,966	13,964,262	12,713,424	371,813	0.99%	2.92%
156	Whidbey General Hospital	70,484,791	34,788,231	6,483,470	29,213,090	495,745	0.70%	1.70%
56	Willapa Harbor Hospital	9,171,281	4,809,240	1,276,871	3,085,170	41,752	0.46%	1.35%
	Total Remote Rural	378,729,073	143,690,202	78,596,092	156,442,779	2,852,054	0.75%	1.82%
	LESS REMOTE RURAL (N=18)							
73	Affiliated Health Services	198,347,814	73,519,927	29,557,669	95,270,218	3,879,653	1.96%	4.07%
168	Central Washington Hospital	185,403,263	87,391,458	28,938,251	69,073,554	1,894,254	1.02%	2.74%
45	Columbia Basin Hospital	9,602,346	3,107,882	3,586,256	2,908,208	6,973	0.07%	0.24%
63	Grays Harbor Community Hospital	127,397,595	51,689,894	33,148,492	42,559,209	842,177	0.66%	1.98%
134	Island Hospital	69,469,629	34,306,639	4,076,856	31,086,134	382,075	0.55%	1.23%

		Revenue Categories (Dollars) (Less)				Charity Care		
Lic #	Region/Hospital	Total Revenue	(Less) Medicare Revenue	Medical Assistance Number Revenue	Adjusted Revenue	Charity Care	Percent of Total Revenue	Percent of Adj Revenue
140	Kittitas Valley Hospital	37,163,753	13,842,196	4,656,405	18,665,152	235,588	0.63%	1.26%
186	Mark Reed Hospital	6,253,948	1,999,959	1,432,094	2,821,895	93,687	1.50%	3.32%
152	Mason General Hospital	57,280,603	24,671,239	10,149,854	22,459,510	167,014	0.29%	0.74%
38	Olympic Memorial Hospital	99,610,475	55,540,917	10,461,324	33,608,234	686,100	0.69%	2.04%
26	PeaceHealth Saint John Medical Center	245,486,159	101,634,192	49,628,874	94,223,093	4,812,350	1.96%	5.11%
191	Providence Centralia Hospital	137,713,420	63,947,174	26,952,986	46,813,260	2,391,977	1.74%	5.11%
172	Pullman Memorial Hospital	34,647,912	9,408,992	3,359,938	21,878,982	330,602	0.95%	1.51%
50	Saint Mary Medical Center	133,478,661	64,793,652	14,376,895	54,308,114	671,048	0.50%	1.24%
78	Samaritan Hospital	75,268,159	25,664,707	19,489,982	30,113,470	526,512	0.70%	1.75%
108	Tri-State Memorial Hospital	48,858,882	28,897,904	3,442,925	16,518,053	434,399	0.89%	2.63%
43	Walla Walla General Hospital	55,424,381	27,437,529	6,392,261	21,594,591	477,295	0.86%	2.21%
205	Wenatchee Valley Hospital	26,859,847	10,108,828	2,624,185	14,126,834	150,106	0.56%	1.06%
153	Whitman Community Hospital	17,105,692	7,974,259	1,863,063	7,268,370	18,730	0.11%	0.26%
	Total Less Remote Rural	1,565,372,539	685,937,348	254,138,310	625,296,881	18,000,540	1.15%	2.88%
	Rural Hospital Total (N=45)	2,033,983,469	861,043,504	356,168,567	816,771,398	21,447,385	1.05%	2.63%

[#] Includes Medicaid and other state-sponsored programs

Source: Washington Department of Health Hospital Year-end Reports, FY 2003.

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Appendix 3

Charity Care Provided and Estimated, FY 2003 - 2004

Charl	ity Care i Tovided and Estimated, F	1 2003 - 2004	2003	2004
Lic #	Hospital	City	2003 Actual	Estimated
2.0 "	1100p.tai	_ oj	riotaai	Loumatou
73	Affiliated Health Services	Mount Vernon	3,879,653	2,058,239
183	Auburn Regional Medical Center	Auburn	1,487,716	1,433,143
197	Capital Medical Center	Olympia	504,843	507,500
158	Cascade Medical Center	Leavenworth	22,287	55,000
106	Cascade Valley Hospital	Arlington	525,251	549,222
168	Central Washington Hospital	Wenatchee	1,894,254	2,430,000
14	Children's Hospital & Regional Med Center	Seattle	7,840,789	9,110,000
45	Columbia Basin Hospital	Ephrata	6,973	28,000
150	Coulee Community Hospital	Grand Coulee	100,619	108,326
141	Dayton General Hospital	Dayton	1,533	7,000
37	Deaconess Medical Center	Spokane	2,734,148	3,300,000
178	Deer Park Health Center & Hospital	Deer Park	82,992	97,000
111	East Adams Rural Hospital	Ritzville	361	509
35	Enumclaw Community Hospital	Enumclaw	75,658	82,000
164	Evergreen Hospital Medical Center	Kirkland	4,991,164	3,925,502
904	Fairfax Hospital	Kirkland	629,878	1,159,751
167	Ferry County Memorial Hospital	Republic	65,488	85,000
54	Forks Community Hospital	Forks	130,354	20,498
82	Garfield County Memorial Hospital	Pomeroy	1,301	1,500
81	Good Samaritan Hospital	Puyallup	8,541,618	8,876,638
63	Grays Harbor Community Hospital	Aberdeen	842,177	810,610
29	Harborview Medical Center	Seattle	55,302,000	60,033,000
142		Bremerton	2,675,155	3,768,531
126	Harrison Memorial Hospital	Seattle		
139	Highline Community Hospital		4,278,289	4,278,289
134	Holy Family Hospital Island Hospital	Spokane Anacortes	2,744,134 382,075	2,699,000 300,000
85	Jefferson General Hospital	Port Townsend	541,812	717,600
161	Kadlec Medical Center	Richland	2,735,376	3,496,571
39		Kennewick	1,508,248	1,451,322
39 148	Kennewick General Hospital	Seattle		1,451,522
140	Kindred Hospital Seattle		0 235,588	263,832
	Kittitas Valley Hospital	Ellensburg		
8 14E	Klickitat Valley Hosp	Goldendale	4,137	10,000
165	Lake Chelan Community Hospital	Chelan	64,713	66,808
137	Lincoln Hospital	Davenport	144,831	70,000
915	Lourdes Counseling Center	Richland Pasco	361,109	323,877
22	Lourdes Medical Center Mark Board Mam Hagnital		968,164	1,685,491
186	Mark Reed Mem Hospital	McCleary	93,687	88,689
175	Mary Bridge Children's Health Center	Tacoma	834,731	948,293
152	Mason General Hospital	Shelton	167,014	132,694
14/	Mid-Valley Hospital	Omak	166,308	250,000
173	Morton General Hospital	Morton	124,382	74,292
193	Mount Carmel Hospital	Colville	112,266	96,000
21	Newport Community Hospital	Newport	164,479	200,000
107	North Valley Hospital	Tonasket	82,212	50,000
130	Northwest Hospital	Seattle	4,115,177	2,534,719
79	Ocean Beach Hospital	Ilwaco	98,283	84,000
80	Odessa Memorial Hospital	Odessa	38,631	38,631
23	Okanogan-Douglas Hospital	Brewster	94,487	147,822
38	Olympic Memorial Hospital	Port Angeles	686,100	704,904
125	Othello Community Hospital	Othello	154,734	250,000

				2004
Lic #	Hospital	City	2003 Actual	2004 Estimated
131	Overlake Hospital Medical Center	Bellevue	3,885,677	3,804,476
26	PeaceHealth Saint John Medical Center	Longview	4,812,350	3,062,357
46	Prosser Memorial Hospital	Prosser	170,507	265,326
191	Providence Centralia Hospital	Centralia	2,391,977	6,125,152
84	Providence General Medical Center	Everett	10,318,505	19,777,129
159	Providence Saint Peter Hospital	Olympia	8,070,857	14,557,640
182	Puget Sound Behavioral Health	Tacoma	223,919	225,000
172	Pullman Memorial Hospital	Pullman	330,602	232,212
129	Quincy Valley Hospital	Quincy	31,829	50,000
202	Regional Hosp for Respiratory Care	Seattle	10,130	10,130
162	Sacred Heart Medical Center	Spokane	7,739,002	9,632,000
132	Saint Clare Hospital	Tacoma	3,280,714	3,402,000
201	Saint Francis Community Hospital	Federal Way	2,872,818	2,975,000
145	Saint Joseph Hospital	Bellingham	4,354,001	5,053,000
32	Saint Joseph Medical Center	Tacoma	5,208,123	5,374,000
194	Saint Joseph's Hospital	Chewelah	184,946	246,000
157	Saint Luke's Rehabilitation Institute	Spokane	25,454	48,912
50	Saint Mary Medical Center	Walla Walla	671,048	710,375
78	Samaritan Hospital	Moses Lake	526,512	647,701
204	Seattle Cancer Care Alliance	Seattle	283,000	283,000
93	Skyline Hospital	White Salmon	37,035	39,422
195	Snoqualmie Valley Hospital	Snoqualmie	0	0
170	Southwest Wash Medical Center	Vancouver	6,466,051	7,343,000
138	Stevens Healthcare	Edmonds	1,924,572	2,240,482
198	Sunnyside Community Hospital	Sunnyside	371,813	373,877
1	Swedish Hosp Medical Center (Includes Providence)	Seattle	12,510,624	12,635,000
176	Tacoma General Allenmore Hospital	Tacoma	5,847,298	5,493,109
199	Toppenish Community Hospital	Toppenish	326,212	528,000
108	Tri-State Memorial Hospital	Clarkston	434,399	418,854
128	University of Washington Medical Center	Seattle	8,888,000	10,209,260
104	Valley General Hospital	Monroe	478,018	500,000
180	Valley Hospital Medical Center	Spokane	814,615	897,000
155	Valley Medical Center	Renton	3,927,200	4,740,433
10	Virginia Mason Medical Center	Seattle	3,527,776	3,550,000
43	Walla Walla General Hospital	Walla Walla	477,295	450,000
205	Wenatchee Valley Hospital	Wenatchee	150,106	100,000
919	West Seattle Psychiatric Hospital	Seattle	27,206	699,458
156	Whidbey General Hospital	Coupeville	495,745	568,964
153	Whitman Community Hospital	Colfax	18,730	30,391
56	Willapa Harbor Hospital	South Bend	41,752	120,000
102	Yakima Regional Medical Center	Yakima	1,255,922	2,397,000
58	Yakima Valley Memorial Hospital	Yakima	2,066,824	2,027,523
50	ramma valicy memorial riospital	TUNITIU	2,000,024	2,021,020
	STATEWIDE TOTALS		\$218,716,343	\$251,252,986

Source: Washington Department of Health Hospital Financial Data Year-end Reports, FY 2003 and FY 2004 Annual Budgets.

Appendix 4

Charity Care Laws

RCW 70.170.020 Definitions. As used in this chapter:

- (1) "Department" means department of health.
- (2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW.
 - (3) "Secretary" means secretary of health.
- (4) "Charity care" means necessary hospital health care rendered to indigent persons, to the extent that the persons are unable to pay for the care or to pay deductibles or co-insurance amounts required by a third-party payer, as determined by the department.
- (5) "Sliding fee schedule" means a hospital-determined, publicly available schedule of discounts to charges for persons deemed eligible for charity care; such schedules shall be established after consideration of guidelines developed by the department.
- (6) "Special studies" means studies which have not been funded through the department's biennial or other legislative appropriations. [1995 c 269 § 2203; 1989 1st ex.s. c 9 § 502.]

NOTES:

Effective date--1995 c 269: See note following RCW 9.94A.040.

Part headings not law--Severability--1995 c 269: See notes following RCW 13.40.005.

RCW 70.170.060 Charity care--Prohibited and required hospital practices and policies--Rules--Department to monitor and report. (1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:

- (a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;
- (b) A significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services: or
- (c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.
- (2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital, which maintains an emergency department, shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.
- (3) The department shall develop definitions by rule, as appropriate, for subsection (1) of this section and, with reference to federal requirements, subsection (2) of this section. The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency.
- (4) The department shall establish and maintain by rule, consistent with the definition of charity care in RCW 70.170.020, the following:
- (a) Uniform procedures, data requirements, and criteria for identifying patients receiving charity care;

- (b) A definition of residual bad debt including reasonable and uniform standards for collection procedures to be used in efforts to collect the unpaid portions of hospital charges that are the patient's responsibility.
- (5) For the purpose of providing charity care, each hospital shall develop, implement, and maintain a charity care policy which, consistent with subsection (1) of this section, shall enable people below the federal poverty level access to appropriate hospital based medical services, and a sliding fee schedule for determination of discounts from charges for persons who qualify for such discounts by January 1, 1990. The department shall develop specific guidelines to assist hospitals in setting sliding fee schedules required by this section. All persons with family income below one hundred percent of the federal poverty standard shall be deemed charity care patients for the full amount- of hospital charges, provided that such persons are not eligible for other private or public health coverage sponsorship. Persons who may be eligible for charity care shall be notified by the hospital.
- (6) Each hospital shall make every reasonable effort to determine the existence or nonexistence of private or public sponsorship which might cover in full or part the charges for care rendered by the hospital to a patient; the family income of the patient as classified under federal poverty income guidelines; and the eligibility of the patient for charity care as defined in this chapter and in accordance with hospital policy. An initial determination of sponsorship status shall precede collection efforts directed at the patient.
- (7) The department shall monitor the distribution of charity care among hospitals, with reference to factors such as relative need for charity care in hospital service areas and trends in private and public health coverage. The department shall report to the legislature and executive any problems in distribution which are in contradiction of the intent of this chapter. The report shall include an assessment of the effects of the provisions of this chapter on access to hospital and health care services, as well as an evaluation of the contribution of all purchasers of care to hospital charity care.
- (8) The department shall issue a report on the subjects addressed in this section at least annually, with the first report due on July 1, 1990. [1989 lst ex. s. c 9 § 506.]

Hospital Charity Care Rules

Last Update: 6/1/94

WAC 246-453-001 Purpose. This chapter is adopted by the Washington state department of health to implement the provisions of chapter 70.170 RCW. These sections relate to hospital policies for charity care, bad debt and emergency medical care, including admission practices, the compilation and measurement of the level of charity care services provided by each hospital, and penalties for violation of these provisions.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-001, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-001, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453,-001, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-010, filed 12/7/84.]

WAC 246-453-010 Definitions. As used in this chapter, unless the context requires otherwise,

- (1) "Department" means the Washington state department of health created by chapter 43.70 RCW:
- (2) "Hospital" means any health care institution which is required to qualify for a license under RCW 70.41.020(2); or as a psychiatric hospital under chapter 71.12 RCW;
- (3) "Manual" means the Washington State Department of Health Accounting and Reporting Manual for Hospitals, adopted under WAC 246-454-020;
- (4) "Indigent persons" means those patients who have exhausted any third-party sources, including Medicare and Medicaid, and whose income is equal to or below 200% of the federal poverty standards, adjusted for family size or is otherwise not sufficient to enable them to pay for the care or to pay deductibles or coinsurance amounts required by a third-party payor;
- (5) "Charity care" means appropriate hospital-based medical services provided to indigent persons, as defined in this section;
- (6) "Bad debts" means uncollectible amounts, excluding contractual adjustments, arising from failure to pay by patients whose care has not been classified as charity care;
- (7) "Appropriate hospital-based medical services" means those hospital services which are reasonably calculated to diagnose, correct, cure, alleviate, or prevent the worsening of conditions that endanger life, or cause suffering or pain, or result in illness or infirmity, or threaten to cause or aggravate a handicap, or cause physical deformity or malfunction, and there is no other equally effective more conservative or substantially less costly course of treatment available or suitable for the person requesting the service. For purpose of this section, "course of treatment" may include mere observation or, where appropriate, no treatment at all;
- (8) "Medical staff" means physicians, dentists, nurses, and other professional individuals who have admitting privileges to the hospital, and may also participate as members of the medical staff committees, serve as officers of the medical staff, and serve as directors or chiefs of hospital departments;
- (9) "Third-party coverage" and "third-party sponsorship" means an obligation on the part of an insurance company or governmental program which contracts with hospitals and patients to pay for the care of covered patients and services, and may include settlements, judgments, or awards actually received patient has received hospital services;
- (10) "Unusually costly or prolonged treatment" means those services or combinations of services which exceed two standard deviations above the average charge, and/or three standard deviations above the average length of stay, as determined by the department's discharge data base;

- (11) "Emergency care or emergency services" means services provided for care related to an emergency medical or mental condition;
- (12) "Emergency department" and "emergency room" means that portion of the hospital facility organized for the purpose of providing emergency care or emergency services;
- (13) "Emergency medical condition" means a medical condition manifesting itself by acute symptoms of sufficient severity, including severe pain, such that the absence of immediate medical attention could reasonably be expected to result in:
- (a) Placing the health of the individual (or, with respect to a pregnant woman, the health of the woman or her unborn child) in serious jeopardy;
 - (b) Serious impairment of bodily functions;
- (c) Serious dysfunction of any bodily organ or part. With respect to a pregnant woman who is having contractions the term shall mean:
 - (d) That there is inadequate time to effect a safe transfer to another hospital before delivery; or
 - (e) That transfer may pose a threat to the health or safety of the woman or the unborn child;
- (14) "Responsible party" means that individual who is responsible for the payment of any hospital charges which are not subject to third-party sponsorship;
- (15) "Limited medical resources" means the nonavailability of services or medical expertise which are required or are expected to be required for the appropriate diagnosis, treatment, or stabilization per federal requirements of an individual's medical or mental situation;
- (16) "Publicly available" means posted or prominently displayed within public areas of the hospital, and provided to the individual in writing and explained, at the time that the hospital requests information from the responsible party with regard to the availability of any third-party coverage, in any language spoken by more than ten percent of the population in the hospitals service area, and interpreted for other non-English speaking or limited English speaking or other patients who can not read or understand the writing and explanation;
- (17) "Income" means total cash receipts before taxes derived from wages and salaries, welfare payments, Social Security payments, Strike benefits, unemployment or disability benefits, child Support, alimony, and net earnings from business and investment activities paid to the individual;
- (18) "Family" means a group of two or more persons related by birth, marriage, or adoption who live together; all such related persons are considered as members of one family;
- (19) "Initial determination of sponsorship status" means an indication, pending verification, that the services provided by the hospital may or may not be covered by third party sponsorship, or an indication from the responsible party, pending verification, that he or she may meet the criteria for designation as an indigent person qualifying for charity care; and
- (20) "Final determination of sponsorship status" means the verification of third party coverage or lack of third party coverage, as evidenced by payment received from the third party sponsor or denial of payment by the alleged third party sponsor, and verification of the responsible party's qualification for classification as an indigent person, subsequent to the completion of any appeals to which the responsible party may be entitled and which on their merits have a reasonable chance of achieving third party sponsorship in full or in part.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-010, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-010, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as §246-453-010, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), §26114-020, filed 12/7/84.]

- WAC 246-453-020 Uniform procedures for the identification of indigent persons. For the purpose of identifying those patients that will be classified as indigent persons, all hospitals shall adopt and implement the following procedures:
- (1) The initiation of collection efforts directed at the responsible party shall be precluded pending an initial determination of sponsorship status, provided that the responsible party is cooperative with the hospitals efforts to reach an initial determination of sponsorship status;
- (a) Collection efforts shall include any demand for payment or transmission of account documents or information which is not clearly identified as being intended solely for the purpose of transmitting information to the responsible party;
- (b) The initial determination of sponsorship status shall be completed at the time of admission or as soon as possible following the initiation of services to the patient;
- (c) If the initial determination of sponsorship status indicates that the responsible party may meet the criteria for classification as an indigent person, as described in WAC 246-453040, collection efforts directed at the responsible party will be precluded pending a final determination of that classification, provided that the responsible party is cooperative with the hospital's reasonable efforts to reach a final determination of sponsorship status;
- (d) During the pendency of the initial determination of sponsorship status and/or the final determination of the applicability of indigent person criteria, hospitals may pursue reimbursement from any third-party coverage that may be identified to the hospital;
- (e) The requirements of this subsection shall not apply to clinics operated by disproportionate share hospitals, as defined and identified by the department of social and health services, medical assistance services, provided that patients are advised of the availability of charity care at the time that services are provided and when presented with a request for payment.
- (2) Notice shall be made publicly available that charges for services provided to those persons meeting the criteria established within WAC 246-453-040 may be waived or reduced.
- (3) Any responsible party who has been initially determined to meet the criteria identified within WAC 246-453-040 shall be provided with at least fourteen calendar days or such time as the person's medical condition may require, or such time as may reasonably be necessary to secure and to present documentation as described within WAC 246-453-030 prior to receiving a final determination of sponsorship status.
- (4) Hospitals must make every reasonable effort to determine the existence or nonexistence of third-party sponsorship that might cover in full or in part the charges for services provided to each patient.
- (5) Hospitals may require potential indigent persons to use an application process attesting to the accuracy of the information provided to the hospital for purposes of determining the person's qualification for charity care sponsorship. Hospitals may not impose application procedures for charity care sponsorship which place an unreasonable burden upon the responsible party, taking into account any physical, mental, intellectual, or sensory deficiencies or language barriers which may hinder the responsible party's capability of complying with the application procedures. The failure of a responsible party to reasonably complete appropriate application procedures shall be sufficient grounds for the hospital to initiate collection efforts directed at the patient.
- (6) Hospitals may not require deposits from those responsible parties meeting the criteria identified within WAC 246-453-040 (1) or (2), as indicated through an initial determination of sponsorship status.
- (7) Hospitals must notify persons applying for charity care sponsorship of their final determination of sponsorship status within fourteen calendar days of receiving information in accordance with WAC 246-453-030; such notification must include a determination of the amount for which the responsible party will be held financially accountable.
- (8) In the event that the hospital denies the responsible party's application for charity care sponsorship, the hospital notify the responsible party of the denial and the basis for denial.

- (9) All responsible parties denied charity care sponsorship under WAC 246-453-040 (1) or (2) shall be provided with, and notified of, an appeals procedure that enables them to correct any deficiencies in documentation or request review of the denial and results in review of the determination by the hospitals chief financial officer or equivalent.
- (a) Responsible parties shall be notified that they have thirty calendar days within which to request an appeal of the final determination of sponsorship status. Within the first fourteen days of this period, the hospital may not refer the account at issue to an external collection agency. After the fourteen day period, if no appeal has been filed, the hospital may initiate collection activities.
- (b) If the hospital has initiated collection activities and discovers an appeal has been filed, they shall cease collection efforts until the appeal is finalized.
- (c) In the event that the hospitals final decision upon appeal affirms the previous denial of charity care designation under the criteria described in WAC 246-453-040 (1) or (2), the responsible party and the department of health shall be notified in writing of the decision and the basis for the decision, and the department of health shall be provided with copies of documentation upon which the decision was based.
- (d) The department will review the instances of denials of charity care. In the event of an inappropriate denial of charity care, the department may seek penalties as provided in RCW 70.170.070.
- (10) Hospitals should make every reasonable effort to reach initial and final determinations of charity care designation in a timely manner; however, hospitals shall make those designations at any time upon learning of facts or receiving documentation, as described in WAC 246-453-030, indicating that the responsible party's income is equal to or below two hundred percent of the federal poverty standard as adjusted for family size. The timing of reaching a final determination of charity care status shall have no bearing on the identification of charity care deductions from revenue as distinct from bad debts.
- (11) In the event that a responsible party pays a portion or all of the charges related to appropriate hospital-based medical care services, and is subsequently found to have met the charity care criteria at the time that services were provided, any payments in excess of the amount determined to be appropriate in accordance with WAC 246-453-040 shall be refunded to the patient within thirty days of achieving the charity dare designation.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-020, filed 2/14/91, effective 3/17/91.]

WAC 246-453-030 Data requirements for the identification of indigent persons.

- (1) For the purpose of reaching an initial determination of sponsorship status, hospitals shall rely upon information provided orally by the responsible party. The hospital may require the responsible party to sign a statement attesting to the accuracy of the information provided to the hospital for purposes of the initial determination of sponsorship status.
- (2) Any one of the following documents shall be considered sufficient evidence upon which to base the final determination of charity care sponsorship status, when the income information is annualized as may be appropriate:
 - (a) A "W-2" withholding statement;
 - (b) Pay stubs;
 - (c) An income tax return from the most recently f filed calendar year;
 - (d) Forms approving or denying eligibility for Medicaid and/or state-funded medical assistance;
 - (e) Forms approving or denying unemployment compensation; or
 - (f) Written statements from employers or welfare agencies:
- (3) In the event that the responsible party's identification as an indigent person is obvious to hospital personnel, and the hospital personnel are able to establish the position of the income level within the broad criteria described in WAC 246-453-040 or within income ranges included in the hospitals sliding fee schedule, the hospital is not obligated to establish the exact income level or to request the

aforementioned documentation from the responsible party, unless the responsible party requests further review.

- (4) In the event that the responsible party is not able to provide any of the documentation described above, the hospital shall rely upon written and signed statements from the responsible party for making a final determination of eligibility for classification as an indigent person.
- (5) Information requests, from the hospital to the responsible party, for the verification of income and family size shall be limited to that which is reasonably necessary and readily available to substantiate the responsible party's qualification for charity sponsorship, and may not be used to discourage applications for such sponsorship. Only those facts relevant to eligibility may be verified, and duplicate forms of verification shall not be demanded.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-030, filed 2/14/91, effective 3/17/91.]

WAC 246-453-040 Uniform criteria for the identification of indigent persons. For the purpose of identifying indigent persons, all hospitals shall use the following criteria:

- (1) All responsible parties with family income equal to or below one hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for charity sponsorship for the full amount of hospital charges related to appropriate hospital-based medical services that are not covered by private or public third-party sponsorship;
- (2) All responsible parties with family income between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall be determined to be indigent persons qualifying for discounts from charges related to appropriate hospital-based medical services in accordance with the hospitals sliding fee schedule and policies regarding individual financial circumstances;
- (3) Hospitals may classify any individual responsible party whose income exceeds two hundred percent of the federal poverty standard, adjusted for family size, as an indigent person eligible for a discount from charges based upon that responsible party's individual financial circumstances.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-040, filed 2/14/91, effective 3/17/91.]

- WAC 246-453-050 Guidelines for the development of sliding fee schedules. All hospitals shall, within ninety days of the adoption of these rules, implement a sliding fee schedule for determination of discounts from billed charges for responsible parties meeting the criteria in WAC 246-453-040(2). These sliding fee schedules must be made available upon request.
 - (1) In developing these sliding fee schedules, hospitals shall consider the following guidelines:
- (a) The sliding fee schedule shall consider the level of charges that are not covered by any public or private sponsorship in relation to or as a percentage of the responsible party's family income;
- (b) The sliding fee schedule shall determine the maximum amount of charges for which the responsible party will be expected to provide payment, with flexibility for hospital management to hold the responsible party accountable for a lesser amount after taking into account the specific financial situation of the responsible party;
- (c) The sliding fee schedule shall take into account the potential necessity for allowing the responsible party to satisfy the maximum amount of charges for which the responsible party will be expected to provide payment over a reasonable period of time, without interest or late fees; and
- (d) Hospital policies and procedures regarding the sliding fee schedule shall specify the individual financial circumstances which may be considered by appropriate hospital personnel for purposes of adjusting the amount resulting from the application of the sliding fee schedule, such as:

- (i) Extraordinary nondiscretionary expenses relative to the amount of the responsible party's medical care expenses;
- (ii) The existence and availability of family assets, which may only be considered with regard to the applicability of the sliding fee schedule;
- (iii) The responsible party's future income earning capacity, especially where his or her ability to work in the future may be limited as a result of illness; and
 - (iv) The responsible party's ability to make payments over an extended period of time.
- (2) Examples of sliding fee schedules which address the guidelines in the previous subsection are:
- (a) A person whose annual family income is between one hundred one, and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship limited to forty percent of the excess of that person's annual family income over one hundred percent of the federal poverty standard, adjusted for family size. This responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party.
- (b) A person whose family income is between one hundred one and two hundred percent of the federal poverty standard, adjusted for family size, shall have his/her hospital charges that are not covered by public or private sponsorship reduced according to the schedule below. The resulting responsibility may be adjusted by appropriate hospital personnel after taking into consideration the individual financial circumstances of the responsible party. The responsible party's financial obligation which remains after the application of this sliding fee schedule may be payable in monthly installments over a reasonable period of time, without interest or late fees, as negotiated between the hospital and the responsible party. The schedule is as follows:

INCOME AS A PERCENTAGE OF FEDERAL POVERTY LEVEL

PERCENTAGE DISCOUNT

One hundred one to one hundred thirty-three

Seventy-five percent

One hundred thirty-four to one hundred sixty-six

Fifty percent

one hundred sixty-seven to two hundred

Twenty-five percent

(3) The provisions of this section and RCW 70.170-060 (5) shall not apply to the professional services of the hospital's medical staff, provided that the charges for such services are either submitted by the individual medical staff or are separately identified within the hospitals billing system.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-050, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-050, filed 2/14/91, effective 3/17/91.]

WAC 246-453-060 Denial of access to emergency care based upon ability to pay and transfer of patients with emergency medical conditions or active labor.

- (1) No hospital or its medical staff shall adopt or maintain admission practices or policies which result in:
- (a) A significant reduction in the proportion of patients who have no third-party coverage and who are unable to pay for hospital services;
- (b) significant reduction in the proportion of individuals admitted for inpatient hospital services for which payment is, or is likely to be, less than the anticipated charges for or costs of such services; or
- (c) The refusal to admit patients who would be expected to require unusually costly or prolonged treatment for reasons other than those related to the appropriateness of the care available at the hospital.
- (2) No hospital shall adopt or maintain practices or policies which would deny access to emergency care based on ability to pay. No hospital which maintains an emergency department shall transfer a patient with an emergency medical condition or who is in active labor unless the transfer is performed at the request of the patient or is due to the limited medical resources of the transferring hospital. Hospitals must f follow reasonable procedures in making transfers to other hospitals including confirmation of acceptance of the transfer by the receiving hospital.
- (3) The department shall monitor hospital compliance with subsections (1) and (2) of this section. The department shall report to the legislature and the governor on hospital compliance with these requirements and shall report individual instances of possible noncompliance to the state attorney general or the appropriate federal agency. For purposes of monitoring compliance with subsection (2) of this section, the department is to follow all definitions and requirements of federal law.
- (4) Except as required by federal law and subsection (2) of this section, nothing in this section shall be interpreted to indicate that hospitals and their medical staff are required to provide appropriate hospital-based medical services, including experimental services, to any individual.

(Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-060, filed 2/14/91, effective 3/17/91.]

WAC 246-453-070 Standards for acceptability of hospital policies for charity care and bad debts.

- (1) Each hospital shall develop, and submit to the department, charity care policies, procedures, and sliding fee schedules consistent with the requirements included in WAC 246-453-020, 246-453-030, 246-453-040, and 246-453-050. Any subsequent modifications to those policies, procedures, and sliding fee schedules must be submitted to the department no later than thirty days prior to their adoption by the hospital.
- (2) Each hospital shall develop, and submit to the department, bad debt policies and procedures, including reasonable and uniform standards for collection of the unpaid portions of hospital charges that are the patient's responsibility. These standards are to be part of each hospitals system of accounts receivable management manuals, which support hospital collection policies. Manuals should cover procedures for preadmission, admission, discharge, outpatient registration and discharge, billing, and credit and collections. All subsequent modifications to these bad debt policies must be submitted to the department no later than thirty days prior to their adoption by the hospital.
- (3) The department shall review the charity care and bad debt policies and procedures submitted in accordance with the provisions of this section. If any of the policies and procedures do not meet the requirements of this section or WAC 246-453-020, 246-453-030, 246-453-040, or 246-453-050, the department shall reject the policies and procedures and shall so notify the hospital. Such notification shall be in writing, addressed to the hospitals chief executive officer or equivalent, and shall specify the reason(s) that the policies and procedures have been rejected. Any such notification must be mailed within fourteen calendar days of the receipt of the hospitals policies and procedures. Within fourteen

days of the date of the rejection notification, the hospital shall revise and resubmit the policies and procedures.

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-070, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-070, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-070, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 26114-030, filed 12/7/84.]

WAC 246-453-080 Reporting requirements. Each hospital shall compile and report data to the department with regard to the amount of charity care provided, in accordance with instructions issued by the department.

[Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-080, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-080, filed 12/27/90, effective 1/31/91. Statutory Authority: Chapter 70.39 RCW. 85-01-007 (Order 84-07, Resolution No. 84-07), § 261-14-040, filed 12/7/84.]

WAC 246-453-090 Penalties for violation.

- (1) Failure to file the policies, procedures, and sliding fee schedules as required by WAC 246-453-070 or the reports required by WAC 246-453-080 shall constitute a violation of, RCW 70.170.060, and the department will levy a civil penalty of one thousand dollars per day for each day following official notice of the violation. The department may grant extensions of time to file the reports, in which cases failure to file the reports shall not constitute a violation until the extension period has expired.
- (2) Failure to comply with other provisions of chapter 70.170 RCW, and chapter 246-453 WAC, shall result in civil penalties as provided within RCW 70.170.070(2), with the exception that the terms "not exceeding" and "not to exceed" will be read to mean "of".

[Statutory Authority: Chapters 43.070 [43.70] and 70.170 RCW. 9412-089, § 246-453-090, filed 6/l/94, effective 7/2/94. Statutory Authority: RCW 70.170.060. 91-05-048 (Order 142), § 246-453-090, filed 2/14/91, effective 3/17/91. Statutory Authority: RCW 43.70.040. 91-02-049 (Order 121), recodified as § 246-453-090, filed 12/27/90, effective 1/31/91. Statutory Authority: RCW 70.39.180. 86-11-041 (Order 86-01, Resolution No. 86-01), § 26114-090, filed 5/16/86.]

Appendix 5

Federal Poverty Guidelines

The 2005 Federal Poverty Guidelines for all states except Alaska and Hawaii and The District of Columbia from the Federal Register dated February 18, 2005:

Annual Income Poverty Guideline

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Size of Family	2003	2004	2005				
1	\$8,980	\$9,310	\$9,570				
2	12,120	12,490	12,830				
3	15,260	15,670	16,090				
4	18,400	18,850	19,350				
5	21,540	22,030	22,610				
6	24,680	25,210	25,870				
7	27,820	28,390	29,130				
8	30,960	31,570	32,390				

For family units with more than eight members, add \$3,140 for each additional member for 2003, \$3,180 for 2004 and \$3,260 for 2005.

These guidelines go into effect on the day they are published, February 18, 2005, with the exception of Hill Burton hospitals, which are effective sixty days from the date of publication.